

Memorandum in Opposition to Senate Bill 1177 and House Bill 6859

Regarding One Wage and Predictive Scheduling Legislation

My name is Diana Staley and I am President of the Restaurant Trade Association, a national restaurant association dedicated to: the recovery of restaurants following the Covid Pandemic, the health, happiness and well-being of the restaurant and hospitality employees across the country, and the customers and communities they serve. I have also been a Connecticut restaurant owner since 2005.

Let's begin with the industry that you are seeking to harm with these two Bills.

The restaurant industry will contribute almost \$1 Trillion dollars to the U.S. economy in 2023. As the second largest private sector employer in America, 1 in 10 Americans work in the restaurant industry.

Let's also review the last 3 years. The Covid Pandemic decimated the restaurant industry in every town, city and state across America. More than 100,000 restaurants closed as the Covid pandemic raged across the country, and State governments mandated the closure of restaurants. The Covid pandemic caused staggering financial losses of more than \$205 Billion in 2020. In all, 5.7 million restaurant jobs were lost throughout the Pandemic. Life savings were wiped out, people lost their businesses, their homes, everything.

Let's review the massive size of the restaurant industry. About 15.5 million people work in the restaurant industry of nearly 600,000 restaurants and a segment valuation of about \$650 Billion. Restaurants account for 4% of GDP in the United States, more than the automobile industry and double the fashion industry. 70 percent of all restaurants are single unit, family-owned small businesses with fewer than 50 employees. Uniquely, the restaurant industry employs Americans and uses U.S. made products to create a fantastic dining experience for customers. Restaurants impact commerce at every level and in every community, city, and state across America: tourism, employment, farming, suppliers, manufacturing, salespeople, technology, marketing, banking, delivery, trucking, the airlines; the list goes on and on.

The restaurant industry is also one of the biggest employers of minorities, women and young people, where employment does not require advanced schooling or lengthy training; restaurant jobs are often part-time, offering flexibility to students, single mothers, housewives, or second jobs with schedules that match the employees time-availability and lifestyle.

The restaurant industry is unlike any other business, where it is completely unpredictable, as sales are a result of customers' preferences, guests' disposable income, and the flavor of the day. There is little opportunity to forecast restaurant sales other than looking at last week's/month's/year's data, and a restaurant owner uses perishable products to create menu items each week; this is not Amazon or Walmart bringing in cheap goods that sit on shelves until sold.

In the last three years, with the impact of the pandemic, restaurants have suffered incredible losses during the mandated shutdowns, massive inflation, scarcity of products, sky-rocketing costs and overhead that piled up with plummeting sales as diners were slow to return to the dining room. Restaurants rely on the whimsical choices of their customers to fill their seats each day. Additionally, events trigger dining: a promotion, a new job, a birthday, an engagement, a baby shower, a funeral, the weather, etc. Restaurants are affected by their guests' disposable income, gas prices, and last-minute choices to book, change and/or cancel reservations, events and parties at a moment's notice.

One wage and Predictive scheduling are inappropriate for the restaurant industry and let me explain why. Legislation mandating predictive scheduling has no place in the restaurant industry, as the driver for restaurant sales is beyond an owner's purview. We control not a single notion of whether a guest visits a restaurant or cancels, and the timing is completely beyond our reach. People do not dine in restaurants according to a predictive schedule. Dining is not like getting your car serviced, medical appointments, grocery shopping or dry cleaning. Dining is impulsive, event-related, and whimsical. Restaurant dining is based on a guest's decision not to cook at home, but to go out, and a restaurant has no role in that decision. A restaurant tries, in vain, to forecast each week, based on historic data but it is an exercise in guesswork, as we never know what will impact a customer's choice or what the weather might be, which can turn a busy night into a ghost town, especially in the Northeast. Passing Legislation to force restaurants to pay overtime pay rates or expensive fines for schedule changes inside a 14-day window when the restaurant is slower than expected or when events cancel for weather or guest preference is an unfair burden and interferes with the trade and commerce of a restaurant. Penalizing restaurants with high dollar fines for work schedule changes in a two-week window is excessive and unfair, and such fines benefit the state and crush the restaurant, an already low margin business. Again, restaurants simply do not control the schedule, customers determine the schedule. In addition, forcing restaurants to publicly post all employee names, whether scheduled or not, and the full schedule for every employee seems like an invasion of privacy and an unreasonable safety risk, as the only person who needs to know their schedule is the employee.

Lastly, let's talk wages. There is no sub-minimum wage in the restaurant industry, and to label it as such, shows a complete lack of knowledge and understanding of our industry and what servers and bartenders, as tipped wage employees, actually earn. 90% of restaurant owners started as entry level employees in the restaurant industry, a sector of the economy that offers incredible wage growth and career paths to business ownership. Servers and bartenders earn wages that are often a multiple of the minimum wage jobs, and restaurant jobs require no special education or training. Tips driven by the quality of the service and performance often result in hundreds of dollars in one 7-hour shift; show me another job where that happens. The adoption of one wage will directly result in lower, not higher wages to employees. Lastly, in restaurant jobs, a flexible schedule is what attracts many to the industry, as it enables a job around a student's schedule or other part-time employment and is preferred by the employee.

These two Bills make no sense, nor do they solve specific problems in the restaurant industry. Take a survey of any restaurant and ask servers if they want to do away with tips or discontinue the flexibility of their schedule; the answer will be emphatically: No.

What I hope for from my representatives is good judgment about Legislation that solves an issue or a problem that exists, not a one size fits all approach. No restaurant owner sets out to change the schedule or be so unreasonable in the creation of schedules and hours for their employees; for should they do so, they soon will have no employees. We are all grownups here, living in the real world. Let's make informed decisions on actual issues and problems, instead of interfering with how restaurants run their businesses and serve their customers and communities. As I have said so many times over the last 3 years at events, on tv or in news articles, close your eyes and think about your favorite dish from a nearby restaurant. So many memories in our lives involve marvelous food where simple ingredients become comfort. Find ways to help, not hurt our beloved restaurant industry that brings such happiness to so many people and contributes so much to the American economy.

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